weekly economic review

January 24, 2014

Retail Sales

Strength in early holiday spending

Alberta's retail sales in November signaled solid consumer spending early in the holiday season. Sales were $6.4 billion, up 0.6% over the previous month and 8.0% year-over-year (y/y). For the first time since mid-2011, sales at auto dealers grew at a slower rate than overall sales (see chart). All eleven retail categories posted gains over last year. Stores that typically see a run-up in sales due to the holidays experienced large increases, including clothing stores (+15.3% y/y) and sporting goods, hobby, book and music stores (13.7% y/y). Year-to-date sales were up 6.6% in Alberta, compared with a 2.6% national gain.

CPI Inflation

Gas prices boost inflation

Consumer prices rose 2.1% y/y in December, slightly higher than the 1.7% gain recorded in November. The primary reason for the uptick was gasoline prices (+4.8%), which rose at the fastest pace since July. Excluding energy, inflation was 1.9%. In 2013 prices rose 1.4% in Alberta, higher than the 1.1% recorded in 2012. Nationally, inflation hit a six-month high at 1.2%, due largely to gasoline prices. Excluding energy and food, national inflation has not hit 2% since April 2012, coming in at 1.0% in December.

Manufacturing Shipments

Growth picks up

After a slow start to the year, manufacturing shipments have been trending higher. In November, shipments rose 0.6% over the previous month and 7.1% (y/y), up from 6.1% (y/y) growth in October. Machinery (24.7% y/y) posted its fourth consecutive month of rising sales after almost a year of declines. Petroleum & coal products (12.2% y/y) and food (9.6% y/y) were also among the fastest categories. Year-to-date shipments were up by 1.7% over 2012, compared with a 0.7% national decline.

New Housing Construction

Investment continues to grow

Investment in new housing construction grew by 6.8% y/y to $838 million in November, bringing the year-to-date growth to 10.5%. Growth in single unit construction has accelerated for three straight months, while apartment construction continues to lead all categories in growth.

Interest Rates Announcement

Bank still worried about low inflation

The Bank of Canada maintained its overnight interest rate target at 1%, but warned that if inflation remained weak, it may lower rates. Inflation has tracked below the Bank's 2% target for over 18 months, and the Bank once again lowered its inflation forecast. The lower inflation outlook comes despite a lower Canadian dollar, and an improved outlook for Canadian economic growth, two factors which tend to increase inflation. Rising speculation about a future rate cut caused the Canadian dollar to fall almost a full cent against the US dollar on the day of the announcement, descending to around 90 US cents/CDN$.

Alberta Retail Sales

Source: Statistics Canada

Closing Price	Jan 16, 2014	Jan 23, 2014	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	91.52	89.85	96.07
WTI Oil ($US/bbl)	93.96	97.32	98.82
NYMEX Natural Gas($US/MMBtu)	4.38	4.73	3.85

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Alberta Economic Indicators

Population	2011	2012	2013YTD	July	Aug	Sept	Oct	Nov	Dec
Population (000's)	3,790	3,889	4,025	4,025	..	..	4,061	..	..
y/y % change	1.5	2.6	3.5	3.5	..	..	3.5	..	..
Net interprovincial Migration[1]	8,443	27,652	52,677	13,791	..	..	10,269	..	..
Net International Migration[1]	19,411	40,842	52,551	20,487	..	..	16,436	..	..
Net Non-permanent Residents[1]	-7,251	10,085	19,560	10,472	..	..	8,213	..	..
Labour Market									
Employment (000's), SA	2,094	2,149	2,211	2,217	2,232	2,236	2,237	2,248	2,236
y/y % change	3.8	2.6	2.9	3.0	3.6	3.7	3.5	3.6	3.3
Unemployment Rate (%), SA	5.5	4.6	4.6	4.5	4.8	4.3	4.4	4.7	4.8
Participation Rate (%), SA	73.7	73.4	73.0	73.0	73.6	73.1	73.0	73.4	72.9
Average Weekly Earnings ($), SA	1,035.75	1,072.98	1,105.90	1,103.06	1,110.83	1114.95	1125.60	..	..
y/y % change	4.4	3.6	3.2	2.1	0.8	2.6	3.2	..	..
Price Indices									
NEW! Consumer Price Index (y/y % change)	2.4	1.1	1.4	2.2	1.4	1.3	1.0	1.7	2.1
Excluding food and energy	0.8	1.4	1.4	1.9	1.6	1.5	1.6	1.5	1.9
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.4	3.8	1.2	..	..	1.2	..	..	..
Farm Product Price Index (y/y % change)	18.1	6.3	4.4	4.7	2.5	2.5	..	..	..
Crops	19.0	6.7	4.7	2.5	4.2	6.0	..	..	..
Livestock	17.2	5.9	3.9	6.9	7.0	10.0	..	..	..
Household Sector									
Housing Starts (SAAR, 000's)	25.5	33.3	36.1	35.7	29.3	31.2	35.1	43.7	36.2
y/y % change	5.0	30.7	8.2	6.9	-1.0	-8.2	14.2	9.6	18.8
New Housing Price Index[3] (y/y % change)	0.4	1.6	2.8	3.0	3.3	3.1	3.0	3.1	..
Edmonton	0.9	0.9	0.5	0.6	0.8	0.2	0.3	0.0	..
Calgary	-0.1	1.7	5.3	5.8	6.1	6.3	6.1	6.5	..
MLS Average Resale Prices ($ 000's)	352.7	362.0	380.2	378.2	388.0	383.2	380.8	387.8	388.5
y/y % change	0.5	2.6	5.0	4.4	7.0	7.5	3.9	5.2	4.7
Edmonton ($ 000's)	324.2	332.7	343.8	340.2	347.1	347.7	339.3	347.4	356.5
y/y % change	0.7	2.6	3.3	2.5	4.2	8.2	1.4	2.5	5.3
Calgary ($ 000's)	401.9	410.8	436.6	438.2	441.2	438.9	439.7	449.0	449.1
y/y % change	1.1	2.2	6.3	6.9	8.1	8.5	4.2	7.6	4.5
NEW! Retail Sales, SA (y/y % change)	6.8	6.9	6.5	6.4	5.9	6.5	6.7	6.8	..
New Motor Vehicle Sales (y/y % change)	9.6	10.5	6.2	6.5	7.0	2.1	6.5	..	..
Consumer Bankruptcies	7029	5759	4082	385	379	375	383	..	..
y/y % change	-13.8	-18.1	-18.4	-21.3	-16.5	-10.9	-21.7	..	..
Business Sector									
Rigs Drilling	286	250	235	187	239	251	239	233	259
y/y % change	30.4	-12.6	-5.9	-5.9	7.0	9.6	1.0	-9.8	-9.9
Goods Exports, customs based (y/y % change)	18.4	2.9	6.8	9.1	7.6	16.6	19.0	..	..
Energy	19.2	3.6	9.2	11.1	12.6	25.7	26.1	..	..
Farm, Fishing and Intermediate Food	27.2	20.6	-7.7	1.8	-24.2	-27.5	-14.8	..	..
Farm Cash Receipts (quarterly, y/y % change)	16.7	14.1	2.1	..	..	-3.4	..	..	..
NEW! Manufacturing Shipments, SA (y/y % change)	17.3	3.4	1.3	3.7	7.7	1.4	6.1	7.1	..
NEW! Wholesale Trade, SA (y/y % change)	14.7	10.9	2.5	2.5	1.8	1.6	5.1	1.5	..
Building Permits, SA (y/y % change)	11.8	14.8	19.2	50.4	1.1	29.9	22.3	3.3	..
Residential	5.2	18.2	18.6	29.1	-5.9	39.5	37.6	18.4	..
Non-residential	20.9	10.7	20.0	79.7	12.3	14.7	2.4	-13.1	..
Business Bankruptcies	264	230	115	9	7	13	15	..	..
y/y % change	30.2	-12.9	-42.2	-43.8	-30.0	38.1	16.7	..	..

1 Quarterly, annual numbers are presented on a census year basis (July 1 – June 30)
2 Quarterly, average of Calgary and Edmonton.
3 Average of Calgary and Edmonton

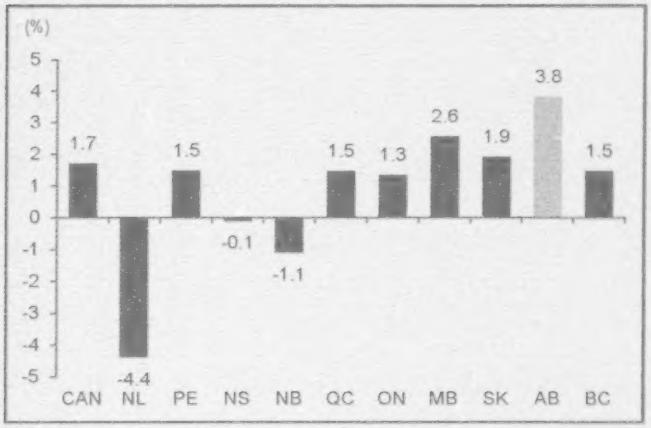
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate

Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the Superintendent of Bankruptcy Canada).

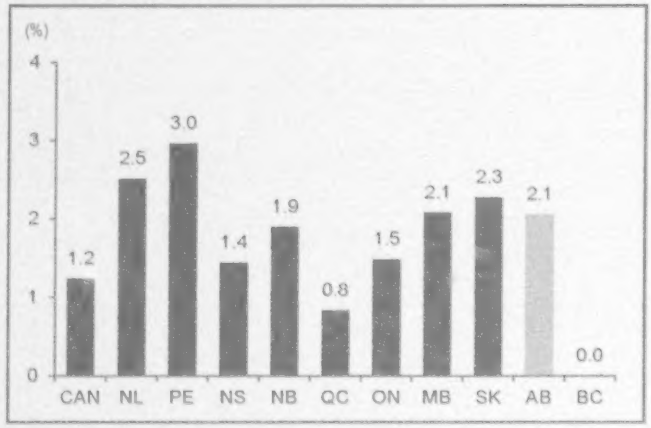
All historical data are subject to revision.

Economic Indicators by Province

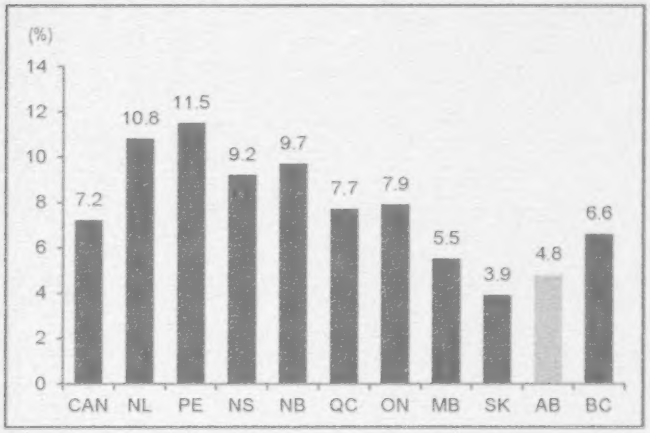
Real GDP at Market Prices
(2012, year-over-year growth)



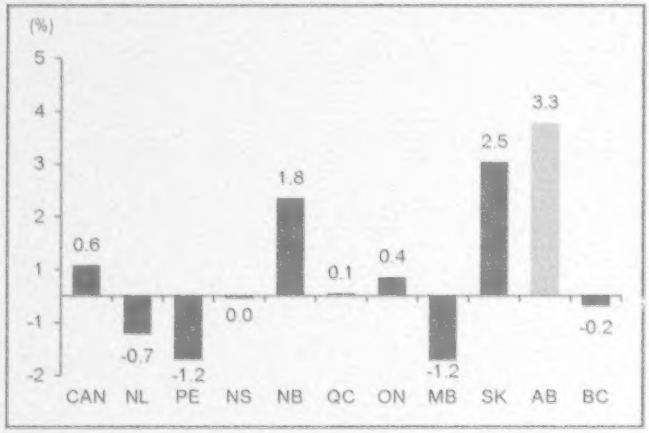
CPI Inflation
(December 2013, year-over-year growth)



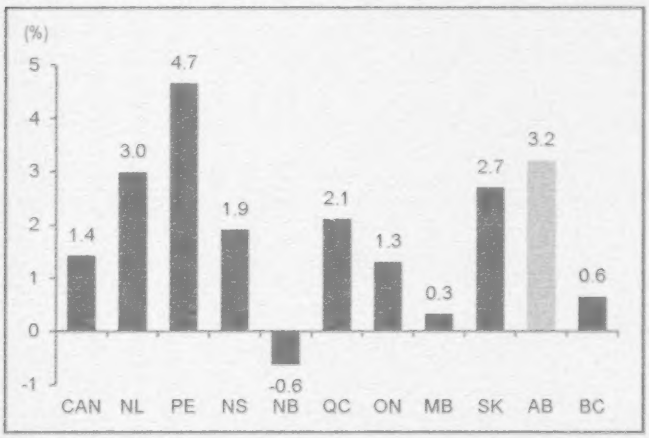
Unemployment Rate
(December 2013)



Employment
(December 2013, year-over-year growth)



Average Weekly Earnings
(October 2013, year-over-year growth)



Housing Starts
(December 2013, SAAR, year-over-year growth)